

Message Text

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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TO SECSTATE WASHDC 9371

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E.O. 11652: NA

TAGS: PFOR, ETRD, EEC, YO

SUBJECT: EC/YUGOSLAV JOINT COMMITTEE MEETING, JULY 24, 1975.

REFS: A) EC BRUSSELS 6342 B) PARIS 17759

C) STATE 160419 D) EC BRUSSELS 5849

1. BEGIN SUMMARY: THE FIRST MEETING OF THE EC/YUGOSLAVE JOINT COMMITTEE AT MINISTERIAL LEVEL CAME OFF WITHOUT ANY APPARENT FIREWORKS. JANKO SMOLE, A MEMBER OF THE FEDERAL EXECUTIVE COUNCIL, DESCRIBED YUGOSLAVIA'S CURRENT BALANCE OF PAYMENTS PROBLEMS WITH THE EC AND YUGOSLAVIA'S DESIRE FOR INCREASED COOPERATION WITH THE COMMUNITY, ESPECIALLY IN THE FINANCIAL SECTOR. THE COMMUNITY, REPRESENTED BY SIR CHRISTOPHER SOAMES, COMMISSION VICE PRESIDENT FOR EXTERNAL RELATIONS, RESPONDED THAT THE QUESTION OF A FINANCIAL COOPERATION ARRANGEMENT WAS UNDER CONSIDERATION BY THE COUNCIL. THE SOLE SUBSTANTIVE RESULT OF THE JOINT COMMITTEE MEETING WAS THE SETTING UP OF TWO SUBCOMMITTEES--ONE FOR AGRICULTURAL QUESTIONS AND THE OTHER TO DEAL WITH INDUSTRAICL, SCIENTIFIC AND TECHNO-
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LOGICAL MATTERS. END SUMMAY:

2. THE FIRST MINISTERIAL-LEVEL MEETING OF THE EC/YUGOSLAVIA JOINT COMMITTEE WAS HELD IN BRUSSELS ON JULY 24. THE SESSION FOLLOWED THE STANDARD PATTERN FOR JOINT COMMITTEE MEETINGS WITH THE EC COMMISSION SPEAKING FOR ALL THE EC MEMBER STATES. COMMISSION AND PERMANENT DELEGATION SOURCES DESCRIBED THE MEETING AS USEFUL AND WORTHWHILE AND REMARKED ON THE "CALM, RATIONAL AND URBANE" PRESENTATION MADE BY THE LEADERS OF THE YUGOSLAV DELEGATION.

3. FINANCIAL COOPERATION: THE YUGOSLAVS EXPRESSED THEIR DESIRE FOR A FINANCIAL COOPERATION ARRANGEMENT WITH THE COMMUNITY WHICH WOULD GRANT THEM ACCESS TO THE EUROPEAN INVESTMENT BANK (EIB). THE HEAD OF THE YUGOSLAV DELEGATION, JANKO SMOLE, EMPHASIZED THAT YUGOSLAVIA DID NOT SEEK AID BUT HOPED THAT THE EIB WOULD BE ABLE TO PROVIDE CREDITS FOR PROJECTS OF MUTUAL BENEFIT. HE SAID THAT YUGOSLAVIA SEEKS "INVESTMENT ARRANGEMENTS" WITH THE EIB SIMILAR TO THOSE WHICH THE YUGOSLAVS CURRENTLY HAVE WITH CEMA'S INTERNATIONAL INVESTMENT BANK.

4. SOAMES RESPONDED BY SAYING THAT THE EC COMMISSION HAD RECOMMENDED TO THE EC COUNCIL THAT YUGOSLAVIA BE GRANTED ACCESS TO THE EUROPEAN INVESTMENT BANK. SOAMES SAID THE MATTER WAS CURRENTLY UNDER STUDY AND WHILE HE DID NOT "PRESUME TO PREJUDGE THE OUTCOME," HE CERTAINLY HOPED THAT THE COUNCIL'S RESPONSE WOULD BE FAVORABLE.

5. DURING THIS PORTION OF THE DISCUSSION, ALL MEMBER STATES REMAINED SILENT, IN ACCORDANCE WITH NORMAL OPERATING PROCEDURES FOR JOINT COMMITTEE MEETINGS. ACCORDING TO OUR SOURCES THE FRENCH REPRESENTATIVE I DID

NOT, AS FORECAST BY A QUAI OFFICIAL IN REF. B, SPEAK OUT. IN FACT, ACCORDING TO ONE SOURCE, DURING THE LIMITED OFFICIAL USE

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INTRA-COMMUNITY PREPARATION PRIOR TO THE MEETING THE FRENCH INSISTED THAT SOAMES GIVE THE YUGOSLAVS NO ASSURANCE OF FAVORABLE CONSIDERATION BY THE COUNCIL ON THE QUESTION OF ACCESS TO THE EIB.

6. SUBCOMMITTEES ESTABLISHED: THE JOINT COMMITTEE AGREED TO ESTABLISH TWO SUBCOMMITTEES, THE FIRST OF WHICH IS TO DEAL WITH COOPERATION IN THE FIELD OF

AGRICULTURE. IT IS ANTICIPATED THAT THIS SUBCOMMITTEE WILL EXCHANGE INFORMATION ON AGRICULTURE POLICY, AS WELL AS PRODUCTION AND CONSUMPTION FORECASTS, AND ALSO EXAMINE POSSIBLE PROJECTS FOR FUTURE COOPERATION IN THE AGRICULTURAL SECTOR. IN THIS CONNECTION THE YUGOSLAVS REITERATED THEIR OPPOSITION TO THE EC'S BEEF BAN. THE SECOND SUBCOMMITTEE, WHICH IS TO DEAL WITH INDUSTRIAL, SCIENTIFIC AND TECHNOLOGICAL COOPERATION, IS TO EXCHANGE INFORMATION ON LAWS AND REGULATIONS AFFECTING INVESTMENTS AND JOINT VENTURES AND ON TECHNOLOGICAL STANDARDS. IT TOO IS EXPECTED TO PROPOSE PROJECTS FOR FUTURE COOPERATION.

7. LABOR PROBLEMS: THE FORMAL JOINT COMMITTEE WENT INTO RECESS FOR A SHORT TIME DURING THE COURSE OF THE TWO-HOUR JOINT COMMITTEE MEETING TO PERMIT A DISCUSSION OF THE STATUS OF MIGRANT WORKERS BETWEEN THE YUGOSLAVS AND MEMBER STATES' REPRESENTATIVES. (SEVERAL EC MEMBER STATES INSISTED ON THIS PROCEDURE BECAUSE THE MATTERS UNDER DISCUSSION WERE NOT WITHIN THE PURVIEW OF THE EC COMMISSION). WE UNDERSTAND THAT THESE DISCUSSIONS DID NOT GET VERY FAR INTO SUBSTANCE AND THAT THE PRIMARY RESULT WAS AGREEMENT ON THE IMPORTANCE OF FURTHER CONSULTATIONS.

8. JOINT PRESS CONFERENCE: AT A JOINT PRESS CONFERENCE FOLLOWING THEIR LUNCHEON, BOTH SOAMES AND SMOLE STRESSED THE USEFULNESS OF THEIR DISCUSSION. SOAMES EMPHASIZED THAT THE COMMUNITY ATTACHED THE HIGHEST IMPORTANCE TO ITS RELATIONS WITH YUGOSLAVIA AND TERMED THE MEETING

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OF THE JOINT COMMITTEE "A SIGNIFICANT STEP AIMED AT COMPLEMENTING DISCUSSION HELD ON A BILATERAL BASIS BETWEEN MEMBER STATES AND YUGOSLAVIA." SOAMES SAID HE WAS CERTAIN THAT THE FORMATION OF THE TWO SUBCOMMITTEES WOULD LEAD TO INCREASED COOPERATION ON PROJECTS OF MUTUAL BENEFIT. IN HIS RESPONSE, SMOLE EMPHASIZED THE BALANCE OF PAYMENTS DIFFICULTIES CURRENTLY FACING YUGOSLAVIA. HE NOTED THE HARDSHIP IMPOSED BY THE EC BEEF BAN WHICH HE ESTIMATED HAD COST YUGOSLAVIA \$160 MILLION SINCE ITS INCEPTION. WHEN ASKED ABOUT YUGOSLAV DESIRES FOR A FINANCIAL ARRANGEMENT WITH THE COMMUNITY, SMOLE STRESSED THAT YUGOSLAVIA WAS NOT SEEKING AID BUT MERELY INVESTMENT ASSISTANCE "APPROPRIATE" TO THE RELATIONSHIP BETWEEN YUGOSLAVIA AND THE COMMUNITY. IN RESPONSE TO A QUESTION, SMOLE SAID NO SPECIFIC JOINT PROJECTS HAD AS YET BEEN DISCUSSED BUT SAID HE THOUGHT THERE WERE MANY SUITABLE POSSIBILITIES. SOAMES AGREED, SAYING THAT HE THOUGHT ROAD BUILDING MIGHT BE A GOOD EXAMPLE OF WHAT COULD BE DONE.

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9. COMMENT: OUR SOURCES HAVE EMPHASIZED THE COOPERATIVE ATTITUDE AND BALANCED PRESENTATION MADE BY THE YUGOSLAVS WHICH THEY SAY IS TYPICAL OF MOST EC/YUGOSLAV DISCUSSIONS. NO SUBSTANTIVE DEVELOPMENTS IN EC-YUGOSLV RELATIONS ARE EXPECTED TO TAKE PLACE BEFORE EARLY OCTOBER ALTHOUGH IT IS POSSIBLE THAT THE EC FOREIGN MINISTERS WILL CONSIDER THE COMMISSION'S RECOMMENDATION FOR ACCESS FOR YUGOSLAVIA TO EIB FUNDS WHEN THEY MEET IN BRUSSELS ON SEPTEMBER 15-16.
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